SEPTEMBER 5, 1966

FRANCE MOVES ON PROGRAM OF FARM RESTRUCTURING

JAPAN BUYING WIDER VARIETY OF U.S. FOODS

11 WAYS OF FINANCING U.S. FARM EXPORTS

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Including FOREIGN CROPS AND MARKETS

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French farm family looks over plans for bettering their crop yields, as presented by an extension agent. France is also helping its farmers through farm restructuring (page 3). Photo, French Ministry of Agriculture.

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Breeding farm set up by a SAFER Society.

France Moves Ahead in Its Program of Farm Restructuring

By PAUL E. QUINTUS
U.S. Agricultural Attaché, Paris

Over much of Western Europe, farmers or would-be farmers are giving up their low-pay occupation for better jobs in the cities. Ideally, such an exodus is needed before the agriculture-heavy nations of Europe can develop adequate farm incomes; yet with it have come new problems, centering around the continued undermining of family-type farming. One of the countries working to meet this challenge is France—now in the midst of an ambitious program of farm restructuring.

Vehicle for the French program is a group of organizations called "Sociétés d'Aménagement Foncier et d'Etablissement Rural" (SAFER)—established in 1961 in line with provisions of the Agricultural Orientation Law of 1960. Operated jointly by government and farm groups, the SAFER Societies are charged with the task of bringing about a more optimum land distribution without causing any major social upheaval in the rural areas.

Though France has long been grappling with problems of farm structure—many of them stemming from Napoleonic inheritance laws which led to land fragmentation—the country never before has had the necessary legislative support, nor the financial support, to make a noticeable impact on these problems.

What the SAFER are up against

To understand the scope of the SAFER program, it is necessary to first view the conditions necessitating its creation.

In France, as elsewhere, there has been a spontaneous move toward fewer and larger farm units, with the number of farms decreasing about 17 percent—from 2,284,230 to 1,899,170—between 1955 and 1963. Virtually all of this decline was in units of less than 50 acres—below which farming becomes highly uneconomical. Similarly, farm population has fallen—by one-fourth between 1954 and 1962.

By themselves, these changes are necessary and logical developments. The problem is, however, that changes have in most cases benefited the large-scale farms, leaving France's numerous small- and medium-size operations at a continued disadvantage.

It is easy to see how this might happen: The owner of a 50-acre farm generally cannot afford to purchase another plot of land when it comes up for sale, while the farmer with, say, 200 acres may easily afford it and is usually the one who ends up with the purchase.

These conditions have served to perpetuate the rapid exodus of able-bodied youth from the farms, leaving behind a high proportion of farmers too young to retire but too old to adjust readily to nonfarm occupations.

Apparently, the French Government concluded that if left unchecked, this trend would weaken the family-type farm structure it considers so important. In any case, it developed the SAFER program to help turn the tide in favor of those small- and medium-scale farmers who exhibit ability to run efficient producing units.

Responsible for the program are three groups—the SAFER Societies, which are attacking the problem directly at the regional level; the National Federation of SAFER, professional body of the groups; and the Central Agency for Rural Land Improvement (SCAFR), lending the necessary administrative and technical support. And within these are numerous other important operations—such as the large Research Department of SCAFR.

How the SAFER operate

Essentially, it is the job of the SAFER Societies to consolidate land holdings for those small farmers who appear most likely to develop successful operations. They do this by purchasing land either directly on the resale market or

Before and after a SAFER project: Farmers whose gardens (top) were expropriated by city of Orléans were given use of new greenhouse facilities (above).

indirectly through their right of preemption; consolidating and improving the land; and then reselling it to the "key" farmers.

Land improvement is subsidized by the government. Subsidies are deducted from the resale prices, so that purchasers pay only 25-60 percent of the total cost of improvements. Persons buying the land may obtain from the Agricultural Bank long-term loans of up to 30 years, at interest rates of 3 percent, and covering up to 60 percent of the land value. Also, purchases do not have to pay transfer taxes on their new acquisitions.

Time limit of 5 years

In order not to excite farmers and the farm communities with the threat of state farming, the Orientation Law provides that SAFER cannot retain title to the land for more than 5 years. The current resale cycle is in the order of 1 to 2 years during which the SAFER hold the farms, manage them, and make improvements. In 1963, the average rate for enlarging farms was nearly 30 percent, meaning that when the SAFER purchased 30 units of land for resale to another farmer who previously operated 70 units, the restructured farm totaled 100 units.

Today, there are 29 SAFER Societies working in all but 7 of France's 90 Departments. Since they were established at different times and for varying land areas, their rate of progress has not been even. Some are beginning to make a noticeable impact on the farm structure in their region; others are still in the early stages of land acquisition. Nevertheless, by the end of 1965, they had begun to make a dent in the task at hand—their acquisitions for the 5 years of operation adding up to 275,000 acres; resales, 122,000 acres; and total restructuring, 303,000. Because of the newness of the organization, it is not surprising that nearly one-half the purchases and considerably more than half the sales occurred in 1965.

These results are impressive in themselves but cover only about 1 percent of the farms needing attention. It is a long project at best.

Aside from the sheer immensity and scope of the undertaking, there are other fundamental reasons why the SAFER pace will be slow.

First, capital requirements are high, even though the capital revolves as sales are made.

Secondly, and most importantly, the program must be accepted by the agricultural community if it is to succeed.

Governmental intervention in the affairs of individualistic French farmers, even though designed to help them, is not necessarily a popular activity. The management believes, for example, that after the initial structural adjustments are made, almost a generation will pass before substantial future progress can be achieved. While the SAFER have the right of preemption, this authority will be used sparingly so as not to inspire farm opposition to the program. It is only as further retirement takes place, or when land is otherwise freely offered for sale, that the SAFER expect to make a really impressive showing.

A problem for all the EEC

What is said here about France is a problem for the entire Common Market and is recognized as such, despite the different institutional and historical backgrounds of these countries. For this reason, common farm restructure policies are being considered at the EEC level. However, because of the priority and urgency of some other questions, such as common commodity policies and financial regulations, only a few elements of a common land restructure policy have been established. But these elements are fundamental.

Thus, as in the case of France, all other members of the EEC have indicated their preference for the family-type farm. The common policy further makes it clear that this is not to be considered as small farms—a mistake which was often made in Western Europe in the past. Instead, it means productive economic enterprises capable of giving a farm family parity of income with nonfarm occupations.

A permanent committee at Brussels has the responsibility of examining each of the national farm restructure policies. Further, a portion of the European Agricultural Guidance and Guarantee Fund (FEOGA) is devoted especially to farm structural questions, and a European Association of Institutions for Rural Development has been created recently to work in liaison with the common market countries.

The European institutions now having been set up, it can be assumed that the direction can only be forward and that the needed improvements in farm structures will take place more rapidly than would otherwise be the case.

Netherlands Ranks as No. 1 EEC Market for U.S. Farm Exports

U.S. agricultural exports to the European Economic Community totaled $1,593 million in fiscal year 1966, or 16 percent higher than the previous fiscal year. With purchases amounting to $515 million, the Netherlands was the leading market, followed by West Germany, Italy, Belgium-Luxembourg, and France, in that order.

Exports to the **Netherlands** last year were up 48 percent from the $344 million worth shipped in 1962-63. Also, exports of commodities subject to the EEC's variable levies* rose 60 percent to reach $269 million. Feedgrains, at $179 million, accounted for the bulk, while wheat and flour totaled $43 million. However, some of the feedgrains and wheat exported to the Netherlands was transshipped to other European countries.

U.S. farm commodities not subject to variable levies amounted to $246 million in fiscal 1966, up 41 percent from fiscal 1963. Soybeans, which have been advancing sharply in recent years, led, but oilcake and meal were also considerably higher. Tobacco, fruits and vegetables, tallow, hides and skins, and variety meats also advanced substantially. Canned poultry, although a small share of the total, rose sharply. U.S. exports of cotton continued to decline; vegetable oils also declined.

West Germany, with purchases of U.S. farm products totaling $476 million, showed a 37-percent increase over fiscal 1963.

Exports of U.S. farm products subject to variable levies, at $164 million, accounted for 34 percent of the total. Here too feedgrains were in the lead; at $110 million they were 65 percent above exports of the previous fiscal year —primarily because of the poor West German grain harvest in 1965.

Wheat exports to West Germany rose 90 percent from fiscal 1963, but poultry and eggs at $19 million were down slightly from fiscal 1965. However, U.S. turkey exports totaled $12 million, about 90 percent above 1965.

Commodities not subject to variable levies amounted to $313 million, and consisted mainly of soybeans, tobacco, fruits and vegetables, oilcake and meal. Other increases occurred in hides and skins and tallow, but cotton was down 61 percent and vegetable oils 64 percent from the previous year.

Italy, the third largest EEC customer, received U.S. agricultural exports valued at $277 million. Of commodities subject to variable levies, feedgrains accounted for almost 90 percent; furthermore, they were 44 percent ahead of shipments in fiscal 1965.

Among the U.S. exports not subject to the levies, soybeans, oilcake and meal, cotton, and tallow accounted for the largest share. Of these, soybeans and oilcake and meal showed an increase over 1965 shipments, while cotton and tallow declined.

Belgium-Luxembourg's purchases of U.S. agricultural products totaled $183 million, 19 percent above those of the previous year and 40 percent higher than in 1961-62. The largest share were those subject to variable levies—namely, feedgrains, at $90 million.

Of the commodities not subject to variable levies, soybean purchases at $24 million were 27 percent over those of fiscal 1965. Fruit and vegetable exports rose slightly, as did exports of oilcake and meal.

France took the smallest share of U.S. farm exports to the Community—9 percent—valued at $142 million.

The variable-levy items totaled $29 million, with wheat taking up 60 percent. U.S wheat exports to France have fluctuated sharply during the last 5 years, from a low of $3 million in fiscal 1963 to a high of $18 million in 1964.

Exports of nonlevy products to France totaled $113 million compared with $110 million in 1965. Principal commodities were oilcake and meal, cotton, variety meats, and fruits and vegetables. Of these, cotton has declined, dropping 69 percent from a high of $49 million in fiscal 1964 to $15 million last year. —JOSEPH R. CORLEY

Trade Statistics and Analysis Branch, ERS

* *In July 1962, the EEC instituted its system of variable levies against imports of feed grains, wheat and flour, poultry, eggs, pork (excluding variety meats), lard, and swine from non-EEC countries.*

Bogotá Meeting Urges Latin American Trade Integration

The movement toward regional economic integration of Latin America has advanced several more steps during the last few weeks.

Attention has again focused on this subject as three Latin American Presidents, meeting in Bogotá, and President Johnson, speaking at the Pan American Health Organization, marked the fifth anniversary of the Alliance for Progress with declarations urging that immediate steps be taken toward integration of the Latin American economies.

Meanwhile, the scope of present Latin American trade systems has expanded as Venezuela recently became a member of the Latin American Free Trade Association (LAFTA), and Panama expressed interest in joining the Central American Common Market (CACM).

The "Little Summit" in Bogotá drew together 2 weeks ago three of Latin America's Presidents—Eduardo Frei of Chile, Raul Leoni of Venezuela, and Carlos Lleras Restrepo of Colombia—as well as representatives of the Presidents of Peru and Ecuador. This particular grouping of neighbors was inspired largely by the fact that these five nations find themselves in very similar stages of development and therefore share many of the same problems and same attitudes in inter-American relations.

Following 3 days of conversations, the Presidents signed the Declaration of Bogotá, which lays down the bases of a common international policy and reiterates their commitment to the principles of the Alliance for Progress. Above all, it urges definite steps aimed at establishing a Latin American customs union as soon as possible. Among its specific points, the Declaration—

- Stresses the need for providing in LAFTA for special treatment of lesser-developed regions or countries.
- Points to the urgency of integrating the countries

through integrated transportation, telecommunications, and energy projects.

• Supports multinational projects in general, and particularly notes the necessity of eliminating double taxation and other obstacles to regionally coordinated capital investments.

• Fully supports the creation of a LAFTA Council of Ministers, a technical committee, and an institution to settle intra-LAFTA disputes.

Also of note is the statement on agricultural cooperation suggesting the need for international support of agrarian reform efforts. They suggest that the proposed Western Hemisphere Presidents Conference consider the issuance of internationally guaranteed bonds or other similar instruments which would provide the necessary capital to facilitate agrarian reform and mitigate the disruptions in agricultural production which are bound to result from an agrarian reform.

Finally, the Presidents made known that they wish the hemispheric summit conference to discuss again the problems raised at UNCTAD, specifically problems relating to deteriorating terms of trade and unstable prices for their basic export products.

Before the Declaration of Bogotá was made public, there was some speculation that the meeting might result in the formation of a subregional trading bloc. However, while there does appear to be a certain amount of discrimination against other members of LAFTA implied in the final statements of the Declaration, to the effect that the five countries should take immediate action to promote liberalization of trade among themselves and that each of them should study their import needs with the goal of importing from the other four whenever possible, this is explained not as subregional discrimination but rather as an intermediate stage of trade liberalization to allow the "middle-size countries" (in terms of size and industrialization) to catch up with the more industrialized economics of Brazil, Argentina, and Mexico.

Most of Latin America now involved

Currently, the two trade systems are expanding until it appears that before long nearly all of Latin America will belong to one or the other of the groupings.

Venezuela, which has long been discussing entrance into LAFTA, passed, on June 11, legislation authorizing the Executive to proceed with the negotiations, and is now considered a member of the Association. However, it is not a fully operating member until it presents its National List—which it plans to do by the first of the year—and this is accepted by LAFTA.

The most recent development concerns conversations between the Government of Panama and the Permanent Secretariat of CACM. Despite recent press announcements that the Government of Panama had "decided" to seek entry, both parties are still in the process of studying all aspects of the union, and more time is needed before terms of entry can be agreed upon. Among the problems that must first be resolved is the fact that Panama's tariff level is generally much lower than the common external tariffs of the CACM.

With Venezuela joining LAFTA and Panama approaching the CACM, there would remain of the independent nations on the Latin American continent only Bolivia who is not a member of a regional trade grouping. Even recently independent Guyana belongs to a free trade zone, the newly-formed Caribbean Free Trade Association (CARIFTA).

VIRGINIA JOHANNSEN
Foreign Development and Trade Division, ERS

USDA Food Research Expected To Benefit Developing Nations

New food uses for plant protein-rich flours processed from soybeans, peanuts, and cottonseed are being investigated by USDA's Agricultural Research Service (ARS).

Formulas based on these high-protein foods will eventually be made available to developing countries as a guide for using the plant protein that is grown in the area. Technicians from selected countries have been sent to the United States and assigned to USDA's Northern and Southern Utilization laboratories to learn processing methods for soybean, peanut, and cottonseed flours.

Some formulas or recipes that ARS researchers have developed using these plant proteins are beverages for babies, breads, chapatis, tortillas, vegetable purees, soups and stews, cookies, and other items.

Protein content improved

Additions of the protein flours in recipes or replacements—such as soy flour in place of one-third rice or corn—not only increase the protein content per serving but improve the quality of the protein as well. Generally speaking, the aim is to provide from 3 to 11 grams of protein per serving, depending on the food in which it is used.

Taste panels, consisting of representatives from Africa, India, and other parts of the world, have given enthusiastic endorsement to a number of these recipes, in most cases liking both texture and the flavor of the products.

This acceptance was favorable in spite of limited ingredients available in rural areas of these countries. Researchers cannot use eggs, milk, or meat in their recipes due to scarcity of these products or taboos and food habits concerning the use of them in many developing countries. Eggs, for instance, are used as barter rather than food in some countries, while in other areas, their consumption is curtailed by superstitious beliefs.

In developing their recipes, researchers give prime consideration to the needs of the infants and young children, ages 6 months to 6 years. Proper physical and mental growth in these young children is highly dependent on adequate protein supply.

Unfortunately, children in many nations suffer disproportionately from malnourishment as a result of family feeding order, under which the oldest persons get the most and best food, while the very young get the least.

The beverage developed by ARS for infant and child feeding using soy flour is flavored with either banana, cherry, chocolate, or favorite local flavoring agents. The soy beverage is designed for weanlings who live in countries where milk is scarce or nonexistent. The beverage has been fairly well accepted by taste panels of babies ranging in age from 6 months to 1 year. It compares very favorably with milk in protein content and calories.

U.S. Selling a Wider Variety of Food Products in Japan

By JIMMY D. MINYARD
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Higher wages to industrial workers in Japan mean more dollars in the pockets of U.S. farmers. And as more yen go into each Japanese pay envelope, a wider cross-section of the U.S. agricultural community profits—including those producers of meats, fruits, and specialty items who 6 years ago had almost no market in Japan.

In 1960, U.S. agricultural sales to Japan centered around a dozen or so commodities, including cotton, soybeans, wheat and flour, corn, grain sorghum, tallow and greases, hides and skins, nonfat dry milk, wheat bran, and tobacco. The c.i.f. value of Japan's imports of these items in 1960 was $467 million out of a total for all U.S. agricultural products of $504 million; that's a difference of only $37,000.

By 1965 this bit of a difference between major and minor products had grown to $171 million—value of the major commodities had risen to $795 million while the total had hit $966 million. Accounting for the $171 million were U.S. poultry meat, along with lemons, raisins, dates, and other products once considered luxuries in Japan.

Incomes on the rise

This change in appetites is largely explained by exceptional growth in Japan's household incomes over the last few years. Average monthly incomes per urban household jumped from $114 in 1960 to about $190 in 1965; per worker in manufacturing from $63 to almost $100.

Household purchases of food rose from $38 per month in 1960 to $53 in 1965. About 40 percent of this increase was caused by higher prices; the rest went to added purchases of more food and higher quality products.

Another important factor in the growth of U.S.-Japan agricultural trade, particularly in raw materials for further processing, has been relaxation in import quotas and other restrictions. Trade liberalization, though, is closely tied to Japan's economic growth. As industries mature, prosper, and provide foreign exchange through aggressive export programs, there is less need for official curbs on imports, which are maintained to direct the use of foreign-exchange earnings as well as to provide protection to domestic producers.

Promotion campaigns help

Sales promotion programs conducted jointly by U.S. trade organizations and the U.S. Department of Agriculture have also contributed to the growth in U.S. exports of "luxury" items and other products to Japan. Generally, promotion programs are strongly supported through individual selling efforts by U.S. exporters, which greatly enhance the value of the promotion work done.

Sales of U.S. dried fruits to Japan provide an excellent example of Japanese trade relaxation, joint industry-USDA promotion, and aggressive sales efforts by U.S. packers.

From only $750,000, c.i.f., in 1960, Japanese imports of U.S. dried fruits rose sharply, totaling some $6 million by 1965. Today, California raisins are sold in almost

Chicken drumsticks and turkey and cranberry sauce from the United States get prominent display in Toyko supermarkets (right and far right), while food sections of downtown department stores (bottom) feature a wide variety of U.S. farm products.

every fruit store in Japan and raisin bread enjoys widespread popularity. Prunes are becoming popular in larger urban areas. Separate import data are kept for other U.S. dried fruits, but U.S. dried fruits not separately classified have also shown sharp growth.

California dates, generally unknown in Japan 3 years ago, are being used by bakers and confectioners and are sold fresh at leading retail stores. Japanese imports of U.S. lemons have risen from $2 million to $7 million in the past 5 years.

The Japanese are demanding more meat and have the money to buy it.

Local broiler production has not met this demand, particularly during the year-end peak-demand season, and U.S. poultry has supplied most of the import volume. In fact, Japan is now the fastest growing overseas market for U.S. poultry meat. From only 820 pounds in 1960, its purchases of U.S. poultry rose to a 1965 level of almost 10 million pounds; in 1966, this total will probably exceed 13 million pounds.

Interest in and purchases of U.S. beef, swine, and poultry breeding stock have also mushroomed. This growth, of course, directly benefits many U.S. agricultural producers—including those of corn, soybeans, grain sorghum, alfalfa, and grass and pasture seed—as well as livestock and poultry breeders—since Japan must import most mixed-feed ingredients and pasture seeds.

Indications are that surely in 1967, and possibly in 1966, U.S. agricultural exports to Japan will exceed $1 billion and will account for about one-fifth of all U.S. commercial agricultural exports. Japan's 100 million nutrition-conscious people with more money to spend for food are fine partners for U.S. farmers.

Japanese, Venezuelan Wheat Teams on U.S. Tours

A wheat team from Japan last week completed an inspection tour of U.S. production, processing, and marketing centers, and a similar mission from Venezuela will end its visit Friday.

The Japanese team, made up of six delegates from mills which produce about 70 percent of the flour milled in Japan, covered white-wheat areas in the Pacific Northwest and Dark Northern Spring and durum regions in North Dakota. In Chicago, its schedule included the Wheat Flour Institute, the American Institute of Baking, and the Grain Exchange; in Washington, conferences with industry and government officials.

The visit to the United States of a group of Japanese flour mill representatives has become an annual event. with the teams paying their own transportation costs and Wheat Associates USA, cooperator with FAS in overseas market development, handling the stateside arrangements.

These missions have helped acquaint millers with the variety and quality of U.S. wheats. Millers' preferences for specific types of wheat carry weight in the Japanese Government Food Agency's decisions to issue purchase orders. In fiscal 1966, Japan continued as the largest dollar market for U.S. wheat, with U.S. exports to this market totaling 70 million bushels.

Team tours 11 States

The Venezuelan team includes three flour-mill officials and a representative of the grain trade and is sponsored by Great Plains Wheat, Inc.—FAS cooperator representing Midwestern producers—and FAS. Its itinerary covers 11 States for a comprehensive, 5-week view of producing areas, terminal markets, boards of trade, export elevators, and cereal laboratories.

Although competition from Canada for the Venezuelan market is strong, Venezuela has been a good cash customer for U.S. wheat. In fiscal 1966, U.S. wheat exports to this country totaled 14 million bushels, compared with 10.3 million in fiscal 1965.

Poland's Fertilizer Output

The largest fertilizer plant in Poland, the "Pulway I," was put into operation July 17, augmenting the country's fertilizer output by some 300 tons of ammonia per 24 hours. A second unit is being constructed that will turn out 500 tons a day.

Poland's chemical industry is scheduled to produce by 1970 about 1,180,000 tons of nitrogen fertilizers and 720,000 tons of phosphorous fertilizers. This volume plus the necessary imports of potassium salts will provide Polish agriculture with 136 kilograms of NPK per hectare of arable land. During the current Five Year Plan, 18 billion zlotys ($4.5 billion) are earmarked for the expansion of the fertilizer industry.

With the increased availability of fertilizers, the state plans to increase the area of contracted grains from 550,000 hectares in 1964-65 to 1,135,000 in 1966-67 and 2,200,000 in 1969-70.

According to informed sources, this planned increase in the grain area indicates that the state intends to reduce grain imports. Continued state control over the distribution of fertilizer is also emphasized by the fact that the sale of fertilizer will be closely connected with grain contracts.

However, it is thought to be doubtful that fertilizer consumption in Poland will reach 136 kilograms of NPK on a national scale by 1970. At the present time, private farms use 50 percent less fertilizer per hectare than the state farms do, even though they cultivate 85 percent of the sown area. In 1964-65, state-farm fertilizer consumption was 127 kilograms of NPK per hectare of sown area compared with 63.9 on private farms.

Portugal Ups Tomato Area

In the last 5 years, Portugal has greatly expanded its tomato acreage and at the same time boosted its processing facilities to the point that exports of canned tomato products now bring in sizable amounts of foreign exchange.

Tomato acreage averaged a scant 6,700 acres in the 1958-62 period. By 1965 it had reached 24,000 acres, and for this growing season it is estimated at nearly 33,000. Processing kept pace with acreage and increased yields. From 13,000 metric tons of canned products in the 1958-62 period, the volume moved up to 73,800 in 1965, and is expected to reach 100,000 this year. (Cans account for about 10 percent of this weight.)

Nearly all of the processed tomatoes are exported, the amount reaching over 62,000 metric tons last year, with a possible 90,000 this year. Double-concentrated tomato paste is the most popular item, followed by medium tomato puree and canned whole tomatoes. For the first two of these products, the United Kingdom is by far the largest market, followed by Can-

ada and the United States. For canned whole tomatoes, which make up only a small portion of the exports, the United Kingdom is the only market of any size.

Portugal's tomato production is practically all from irrigated lands, and the goal is to follow a rotation of 1-year tomatoes and 2 years in other crops. Most of the output comes from small family-type operations, with the largest farm having about 125 acres.

The principal tomato varieties used are the 1370, the Heinz round tomato, ES 24, ES 58, the Roma (for peeled tomatoes), and the H-1548—in limited use now but increasing.

USSR Reports on Livestock

Agricultural inputs and gains in cattle numbers highlighted the report on Soviet agriculture for the first 6 months of the country's new Five Year Plan. Little information was given, however, about the grain crops or development of other major agricultural products. The report merely stated that grain harvesting is proceeding at a rate 50 percent faster than in 1965, and that by mid-July 28 oblasts had reported sales of grain to the state in excess of the 1966 quota.

At the end of June 1966 cattle numbers were 3.2 percent over those of the same date in 1965, and cow numbers were up 3.0 percent. Hog and sheep and goat numbers, however, declined 2.7 and 0.5 percent respectively.

State purchases of meat rose 20 percent, milk 6 percent, and eggs 10 percent over the first half of 1965.

Deliveries of machinery to agriculture were up considerably in comparison with the same period last year: Tractors by 19 percent, trucks, 44 percent, and grain combines, 13 percent. Almost 14.5 million metric tons of mineral fertilizer—1.9 million tons more than in the first half of 1965—were supplied to agriculture.

Japan Raises Rice Support

From October on, the official producer price for brown rice in Japan will be 17,877 yen ($49.65) per *koku* of 150 kilograms. This price, which is equivalent to US$364 per metric ton of milled rice, represents an increase of over 9 percent from the 16,-375 yen paid for the 1965 crop.

The new price is a compromise. The Ministry of Agriculture and Forestry recommended a 7-percent increase; farmers' unions wanted 10 percent.

Government purchases of rice by the Japan Food Agency have risen steadily since 1961. On the basis of 1965 purchases, they could account for about 60 percent of Japan's total rice production in 1966 and increase deficits in the Food Control Account to approximately $575 million.

East Germany Hit by Harvesting Troubles And May Have To Increase Its Grain Imports

Reports from East Germany indicate that the grain harvest in the central and southern districts has been delayed by the unusually heavy rains in late July and that losses due to lodging of grain could be heavy. Despite government offers of bonuses and special rewards to collective farmers and student workers helping with the harvest, officials could claim that only 40 percent of the grain had been stored by the second week in August.

The slow tempo of the harvest puts a heavy strain on the manpower reserves and equipment, since labor requirements for agriculture peak in the fall season. To meet these demands some managers of collective farms in the northern districts where the harvest of wheat and rye is only beginning have encouraged farmers to thresh grain at night.

Shortages of manpower, a perennial problem in East Germany, combined with the wet and stormy weather during the peak period of harvesting, suggests that harvest losses may be greater than normal in East Germany this year. A major importer of grain, averaging approximately 2 million metric tons a year since 1962, East Germany will be under heavy pressure to adjust its import requirements upward if the damage to the harvest turns out to be heavy.

A substantial part of East Germany's food and coarse grain imports are still supplied by the USSR, but in recent years East Germany has purchased a growing share from Canada, France, and even Mexico.

—Roger E. Neetz
Foreign Regional Analysis Division, ERS

Philippines Spur Rural Aid

To give a running start to the long-range agricultural development program of the Philippine Republic, that country's new administration has allocated $21 million for a crash project in a compact group of seven economically depressed provinces.

Priority will go to improving roads and building bridges for access to isolated farm communities; rushing work on stalled irrigation facilities; expanding extension services; and providing liberal supervised credit for fertilizer purchases to farmers, who in the past have paid money lenders' rates often as high as 10 percent a month.

As evidence of united support of land reform, President Marcos invited ex-President Macapagal to join him in ceremonies presenting former tenants with titles to farms carved from a recently divided estate. The crash program has raised the number of municipalities designated as land reform areas from 12 to 23. This designation means that before the end of this year each tenant must receive a written lease providing for fixed cash rental payments equal to an average of one-fourth the value of the crop harvested over the past 3 years. As a sharecropper, the farmer paid between a third and a half of his crop to his landlord. In the newly designated area, only 9 percent of the 11,000 rice farmers own any of the land they work.

East Europe's 5-Year Plans

New 5-year-plan goals for Bulgaria and Romania, announced in early August, indicated a planned average agricultural growth rate of 4.7 percent per year for both countries. This is considerably higher than the 3.0 percent previously announced for Hungary and the preliminary 2.8 percent for Czechoslovakia, as well as the 2.5 percent planned for Poland.

Long-range plans for all East European countries emphasize the need to increase production of food and feedgrains; but output of livestock and livestock products is expected to increase faster than that of field crops.

World's Top Livestock Assembled for Tri-Purpose Palermo Fair

Gaucho, above, gives last-minute grooming to his charge before leading him off to the Exposition.

This year's Palermo Livestock and Industrial Exposition at Buenos Aires, Argentina, was a triple-purpose affair. As in alternate years, the 3-week show was international, assembling some of the world's finest purebred cattle, sheep, pigs, and horses; this year, in addition, it marked the 150th anniversary of Argentine independence and the 100th of the Argentine Rural Society, Palermo's founder.

Some 3,000 animals were in the competition, including a Holstein cow imported from the United States and later named a Grand Champion.

Although a few stalwart cosmopolitans winced at the spectacle of gauchos by the score camping just kilometers away from the famed Colon Operahouse, city dwellers turned out to be among the show's biggest boosters. This stands to reason in a country whose might lies in agriculture, notably livestock. Both urbanites and farmers packed the stands to watch the judging despite cold rain and drizzle lasting most of that week.

High point of the show came in the third and final week when the champions went up for auction. The take this year, although smaller than in 1965, totaled $3 million, with the biggest single sale a $74,000 Angus bull. Too valuable to sell, the Grand Champion Angus and Hereford bulls were retained by their owners.

Not bidding for cattle but for Argentina's cattle business were two U.S. marketing teams in town to promote American Charolais and Angus. Argentina is not currently a major importer of U.S. breeds, except for Santa Gertrudis, but the U.S. visitors said the sales possibilities are looking better. In fact, the Charolais team extended its stay in Argentina to capitalize on high interest.

Also representing the U.S. cattle industry, a five-man delegation of Texas Hereford breeders and ranchers attended the Exposition and concluded that Argentine Hereford rank favorably with the best U.S. stock.

—MARTIN G. SCHUBKEGEL
Assistant U.S. Agricultural Attaché
Buenos Aires, Argentina

Below left, judging attracted crowds of over 200,000 daily to Colon Operahouse despite cold rain and drizzle; left, a young steer is carefully sheltered from the elements on his way to the judging ring.

Above, Rural Society President A. Fano (in hat) guides U.S. Agricultural Attaché Joseph Dodson and Chargé d'Affaires L. Saccio at fair.

Eleven Ways of Financing U.S. Agricultural Exports

The internationalizing of U.S. farm and industrial trade over the past few decades has forced some striking changes in our ways of doing business. Not the least of these have been in financing.

Virtually gone are the days when producers—reluctant to export at all—demanded cash only for their small-scale overseas shipments. Today, in place of that safe but inflexible method, are several arrangements that give built-in protection against the added risk of exporting and still allow for flexibility and greater profits.

A producer that is ready to enter the market directly might, for instance, do business on the basis of a letter-of-credit, a draft, or some type of guarantee; while another without the necessary capital or know-how could call on specialists who take over all the work and risk of exporting.

Brief descriptions of these and other financial arrangements used by U.S. agricultural exporters follow:

Open Account Financing, in essence charging, allows handling of sales in about the same manner as in the domestic market. Generally, this form of credit is extended only to first-class customers and in markets where there are no foreign exchange restrictions. The seller, as a rule, carries the financing on open-account sales until paid, which may run 90-120 days and sometimes longer.

Drafts have become quite useful in export sales as alternatives to open-account financing. A draft is a bill of exchange drawn by an exporter on his foreign buyer through a bank for the value of shipment. It can be drawn "at sight" or any time after "sight" up to 180 days. The seller in many cases uses documentary drafts—drafts accompanied by invoice, bills of lading, insurance policies, and other documents—for obtaining advances immediately after shipment. Interest is charged until the draft is paid, and financing is with full recourse.

Letter of Credit is an obligation of a bank to pay a beneficiary against stipulated conditions after shipment. This form of financing offers the exporter secured terms before accepting orders; it eliminates credit risks and enables an exporter to "roll over" his financing immediately upon shipping. A bank will also provide reasonable financing prior to shipping to an exporter who holds a letter of credit; and some credit letters are assignable.

Guarantees can take any form—personal guarantees and ones by banks, corporations, or the government. They offer a good degree of flexibility in financing sales without much risk. Care, of course, must be taken to assure oneself of the responsibility of the guarantor.

Two-Way Credit Letters are frequently used in foreign markets where credit for imports is difficult to obtain.

The American exporter opens a guarantee in favor of the importer in foreign currency through a local bank abroad. With this guarantee credit letter the importer opens a dollar letter of credit in favor of his principal in the United States, enabling the U.S. firm to ship against it. The shipping credit should be payable within 180 days, and at time of shipment the exporter discounts his draft and receives immediate reimbursement. The importer abroad does not have to meet the obligation until 180 days and by that time has resold the goods to his local customers, collected in local currency; he meets his obligation at the bank when due. The only risk of the exporter is a contingent one under the guarantee letter of credit. There is also a foreign exchange risk to the importer.

Without Recourse Financing means that the exporter receives payment on shipment from the third party in case of default, regardless of terms given the foreign customer.

Certain firms, such as export merchants, export commission agents, combination export managers, and specialized finance companies, take over the financing of the export buyer and pay the local U.S. firm cash against documents in the States.

The *export merchant* buys for cash and carries the foreign account, for he is primarily a trader and makes his profit on markup.

Export commission houses and *confirming houses* buy and confirm for their foreign principals only on orders, pay cash to the U.S. supplier, and place business wherever they can get the best bargain. These firms generally do business on the terms of the foreign houses rather than of the U.S. exporters.

A *combination export manager* promotes several noncompeting lines and in most cases acts as the export department of the firms he represents, taking full responsibility for marketing and selling and, in many cases, financing. When taking over the financing, he pays cash for merchandise at time of shipment and relieves the producer of all credit and financing problems.

There are other firms in the larger cities that take over export financing but do it primarily on the basis of financing the foreign buyer and obtaining goods here on a cash basis.

Piggy-Backing is the "big brother" exporter carrying—so to speak—the "little brother" on his back for the purpose of selling abroad. The smaller producers are almost completely relieved of financing export sales when selling on this basis.

Factoring is defined as doing financial business for another. Generally, a factor is a large financing house or bank which takes over the granting of credit and the collection of receivables and pays the seller on receipt of invoice, or makes advances for facilitating production. This type of financing has been quite acceptable in domestic business for many years but has caught on only recently in international trade.

Factoring foreign sales permits selling on open account directly by the exporter to his clients abroad without running the financial risk. The factor takes full title to accounts receivable and assumes the risk of nonpayment. The seller is relieved of the political and exchange risk of any foreign market, and by receiving his funds promptly, can turn these funds into additional production, increased sales, and increased profits.

The costs run from 1 to 2 percent on average monthly balances outstanding, plus interest at normal rates if advances are made.

Credit Insurance system was established in 1962 in the United States with the purpose of putting suppliers on an equal footing with their foreign competitors in the handling of com-

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This article summarizes a speech given at this summer's Midwest Trade Conference by James S. Brown, *South American Minerals and Merchandise Corporation, New York.*

mercial credit granting and the financing of exports. Such insurance permits an exporter to offer credit to qualified foreign buyers with assurances that he will be paid whether the loss is caused by insolvency of the buyer or political acts of governments. With a credit insurance policy, an exporter can obtain financing from most banks on up to about 90 percent of the value of each shipment. Insurance is not generally intended to cover profits.

Foreign Currency Loans are advisable when business warrants an investment abroad. The exporter borrows local currency in the foreign country, thereby making unnecessary the export and conversion of U.S. dollars, with the risk of devaluation. Such borrowing can be with or without a guarantee, depending on the agricultural exporter's financial standing with his bankers.

Government Agencies also assist U.S. firms in expanding their foreign trade. Some of the government agencies that will finance sales were established in cooperation with other governments; others are wholly owned by the United States: and others are substantially backed by it. Among the agencies: the Export-Import Bank, the Agency for International Development, the Commodity Credit Corporation, the World Bank, the International Development Association, the International Finance Corporation, and the Inter-American Development Bank.

The main requirement of financing is, of course, a good banker. Banks offer more services gratis than any other financial or commercial group in the country—from guidance in planning to carrying out international financial programs. A banker's position, both locally and internationally, gains him wide knowledge of and experience in export financing, which he is only too willing to share.

FY 1966 Barter Contracts Almost Double Those of Previous Year

Fiscal 1966 was a record year for barter transactions since the revised barter program became effective in 1963.

During the year, the Commodity Credit Corporation entered into contracts valued at $264.9 million procuring goods and services abroad for U.S. Government agencies and strategic materials for the stockpile. This compares with $137 million in fiscal 1965 and brings the total since the beginning of the barter program to $2.25 billion.

A breakdown of last year's barter agreements shows contracts valued at $144.6 million procuring goods and services for the Department of Defense, $60.5 million for the Agency for International Development (AID), and $24.7 million for the Atomic Energy Commission. Agreements procuring strategic materials for the stockpile were valued at $35.1 million.

A total of 70 countries received bartered U.S. agricultural commodities valued at $226.6 million last year, 4 times the value of commodities exported under the barter program just 4 years ago. Over 125 countries and areas have obtained bartered commodities since the program began.

As in most previous years, wheat, including flour, topped the list of commodities exported, with 45.5 million bushels at a value of $72.4 million. Other major commodities shipped out were 75.9 million pounds of tobacco valued at $54.1 million, 434,200 bales of cotton at $53.7 million, 245.4 million pounds of vegetable oils at $32.6 million, and 6.8 million bushels of corn at $9.3 million.

Brazil ranked as chief recipient of barter commodities last year, with $37.1 million. Next came the United Kingdom ($18 million), followed by Colombia ($17.8 million), Japan ($13.4 million), Taiwan ($11.2 million), Peru ($10.6 million), and India ($10.2 million). Exports to the United Kingdom and Japan consisted of tobacco.

Supplies and services received in return for the agricultural commodities included cement, petroleum products, fertilizer, and sugar for AID and base maintenance services, PX supplies, lockers, lumber, and transportation and stevedoring services for the Department of Defense. Strategic materials acquired included iodine, palladium, and diamond dies to help fill stockpile objectives and industrial diamond stones and bort from the Republic of the Congo (formerly Leopoldville, now Kinshasa).

At one time, the barter program was used largely to procure strategic materials. However, by 1962, many of the stockpile needs had been met, and a review board that year recommended a shift in emphasis toward using the program to assist the U.S. balance of payments by meeting the overseas procurement needs of government agencies. From strategic-material procurements valued at $107.1 million in fiscal 1962, the figure has fallen to an average of $33 million over the past 4 years.

Commodities in CCC inventory currently available for barter are wheat, grain sorghum, oats, cotton, and tobacco. Those in private stocks eligible for barter programing in connection with reimbursable offshore procurements for U.S. Government agencies are wheat and flour, tobacco, corn, grain sorghum, and vegetable oils.

Agreements Due for International Food Fair in Paris

U.S. food companies who plan to participate in the International Food Fair (Salon International de l'Alimentation) in Paris, France, November 13-21, should return their signed agreements by Thursday, September 15, to Edward J. Cunningham, Grocery Manufacturers of America, Inc., 205 East 42d St., New York, N. Y. 10017.

A biennial fair begun in 1964, SIAL will have displays from about 40 countries this year. The U.S. display—largest at the show—will consist of an area open to the public and a "trade only" area that will accommodate about 100 exhibitors. In the trade area U.S. firms can display their products and do business with French importers and direct-order buyers.

The public area will include special commodity exhibits and a central demonstration kitchen where ways of preparing and using products of all U.S. exhibitors will be shown. The kitchen will be supervised by Grocery Manufacturers of America, the association which cooperates with FAS in sponsoring U.S. participation.

Exhibitors may also sell their products to the public from the shelves of an international supermarket operated by the SIAL fair management and located in the general public area.

Half-Year Report on U.S. Trade in Livestock and Meat Products

During the first half of 1966, relatively favorable trends in U.S. prices for livestock and meat products, compared with those prevailing in Western Europe, caused a general increase in imports and a general decrease in exports from levels recorded during the first half of 1965.

In January–June 1966 total beef and veal imports amounted to 392 million pounds—up 32 percent from the corresponding period of the previous year. Pork imports totaled 161 million pounds—up 30 percent from the first half of 1965. Wool imports, at 161 million pounds, were 22 percent above the level of the same period last year.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	June 1965	June 1966	Jan.-June 1965	Jan.-June 1966
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh & frozen:				
Bone-in beef:				
Frozen	334	670	1,510	2,762
Fresh & chilled	1,934	1,702	5,450	8,935
Boneless beef	36,233	86,063	232,116	318,012
Cuts (prepared)	579	457	1,295	2,042
Veal	1,162	1,732	8,770	10,260
Canned beef and beef sausage	11,527	7,997	37,339	38,061
Prepared and preserved	2,131	3,555	10,264	11,715
Total beef and veal	53,900	102,176	296,744	391,787
Pork:				
Fresh and frozen	4,911	3,204	23,482	22,368
Canned:				
Hams & shoulders	14,226	17,489	82,583	108,631
Other	2,145	4,380	13,279	25,772
Cured				
Hams & shoulders	116	103	785	743
Other	554	449	2,665	2,312
Sausage	116	204	792	1,041
Total pork	22,068	25,829	123,586	160,867
Mutton and goat	2,399	10,054	10,283	36,697
Lamb	604	1,742	5,616	10,125
Other sausage	250	568	2,214	2,883
Total red meat	79,221	140,369	438,443	602,359
Variety meats	171	206	923	2,175
Wool (clean basis):				
Dutiable	12,520	14,306	82,250	104,624
Duty-free	10,473	11,386	49,549	56,121
Total wool	22,993	25,692	131,799	160,745
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	26	14	118	139
Calf	69	26	272	134
Kip	68	65	318	229
Buffalo	72	46	314	238
Sheep and lamb	1,714	2,701	17,830	17,016
Goat and kid	1,430	765	7,759	5,570
Horse	39	43	185	166
Pig	366	188	1,734	1,207
	Number	*Number*	*Number*	*Number*
Live cattle [1]	63,673	50,943	376,444	533,631

[1] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Higher U.S. cattle prices have attracted larger imports of live cattle and calves (mainly stockers and feeders from Canada and Mexico). Total imports of live cattle during the first half of this year amounted to about 534,000 head compared with 376,000 head in the first 6 months of 1965.

Principal U.S. exports of livestock and meat products are animal fats, variety meats, and hides and skins.

During the first half of 1966, lard exports—mainly to the United Kingdom—totaled 75 million pounds, down 48 percent from last year's first 6-month level. Reduced supplies and relatively higher U.S. prices for lard, along with larger availability in Western Europe, have tended to discourage U.K. importers from making larger purchases from the United States. Substitution of other products has also influenced this year's reduced shipments to the United Kingdom. Exports of inedible tallow—at 977 million pounds—were running 12 percent under last year's level; and exports of variety meats totaled 93 million pounds—down 12 percent from the first half of 1965. Exports of cattle hides, however, at just over 7 million pieces, were 5 percent above a year ago.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	June 1965	June 1966	Jan.-June 1965	Jan.-June 1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	13,850	15,340	142,999	74,632
Tallow and greases:				
Inedible	224,873	145,072	1,114,500	976,792
Edible	1,222	1,743	10,188	10,656
Meats:				
Beef and veal	2,037	2,346	24,284	15,347
Pork	3,474	5,106	23,755	22,092
Lamb and mutton	29	154	617	808
Sausages:				
Except canned	203	190	867	983
Canned	94	117	653	709
Other canned meats	532	720	3,929	4,212
Meat specialties:				
Frozen	130	259	558	1,064
Canned	142	89	872	940
Total red meats	6,641	8,981	55,535	46,155
Variety meats	17,654	16,520	105,476	93,047
Sausage casings:				
Hog	650	570	3,482	3,313
Other natural	483	476	2,164	2,443
Mohair	950	840	3,524	4,205
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,219	1,351	6,742	7,048
Calf	187	146	971	1,123
Kip	32	54	197	283
Sheep and lamb	239	230	1,460	1,219
Horse	3	5	21	31
Goat and kid	64	27	168	197
	Number	*Number*	*Number*	*Number*
Live cattle	4,883	2,213	24,291	15,006

Bureau of the Census.

U.S. Feedgrain Exports Set Record

U.S. exports of foodgrains and products in 1965-66 set a new record of 25.9 million metric tons, 43 percent above the 1964-65 previous high. Corn exports at 17.5 million tons were up 28 percent, barley shipments gained by 28

percent, and those of grain sorghum doubled. Exports of oats increased from 69,000 tons to 544,000 tons.

A detailed table and analysis were published in the August issue of the *World Agricultural Production and Trade: Statistical Report.*

U.S. Wheat Exports at Record Level

U.S. exports of wheat and wheat products reached a record 869 million bushels (grain equivalent) in 1965-66, up 20 percent from 1964-65 and 1 percent above the previous record set in 1963-64. Exports to India continued to dominate the trade. Shipments to Japan, the leading commercial buyer, were 71 million bushels, up 17 percent while sales to Europe gained 69 percent. Flour exports were down 8 percent.

A detailed table and analysis were published in the August issue of the *World Agricultural Production and Trade: Statistical Report.*

Argentine Grain Exports Gain in 1965-66

Argentine grain exports in 1965-66 (July-June) totaled 11.6 million metric tons, 23 percent higher than a year earlier. Exports of wheat at 7.8 million tons were up 84 percent, while shipments of all other grains were lower.

A detailed table and analysis were published in the August issue of the *World Agricultural Production and Trade: Statistical Report.*

Senegal's Peanut Crop Damaged by Drought

Senegal's 1966 peanut production is expected to be reduced to the lowest level of recent years by severe, extended drought. As of early August the central peanut basin reportedly had had very little rain for 1½ months. Peanut plants not already destroyed will have much smaller yields, and unless the rainy season lasts beyond the normal period, even replanted peanuts will have reduced yields.

Commercial peanut purchases for crushing and export from the record crop of 1965 are estimated to have reached 960,000 metric tons. Peanuts constitute Senegal's one great export crop and principal source of income.

Suez Canal Oilseed Shipments Up Slightly

Northbound shipments of oil-bearing materials through the Suez Canal during October-June 1965-66 totaled 1.1 million metric tons, only fractionally above the level of the comparable period last year. Sharp increases in shipments of copra, castorbeans, palm kernels, and sesameseed were almost offset by declines in soybeans, peanuts, cottonseed, flaxseed, and other oilseeds.

Only 254,000 bushels of soybeans from Mainland China were shipped through the Canal in June. Aggregate shipments from October through June were 3.1 million bushels, compared with 5.8 million in the like period last year.

Shipments of vegetable oils during the 9-month period ending June 30 totaled 40,512 tons, almost one-fourth less than in 1964-65. Sharply reduced movements of coconut and palm oils accounted for most of the decline.

Cumulative shipments of vegetable oilseed cakes and meals reached almost 1.2 million tons, 6 percent above that of last year. Major increases were in larger movements of peanut, cottonseed, and copra cakes and meals.

NORTHBOUND SUEZ SHIPMENTS OF OIL-BEARING MATERIALS

Item	June		October-June	
	1965	1966	1964-65	1965-66
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	1,965	6,903	158,033	84,354
Copra	27,138	45,785	532,672	657,387
Peanuts	11,360	13,538	157,537	128,484
Cottonseed	13,829	1,770	100,661	64,413
Flaxseed [2]	1,309	887	20,648	7,588
Castorbeans	2,075	4,934	23,294	42,046
Palm kernels	3,223	2,006	23,253	27,183
Sesame	1,335	1,638	26,998	38,264
Other	5,091	3,148	73,084	69,178
Total	67,325	80,609	1,116,180	1,118,897

[1] Metric ton of soybeans equals 36.7 bu. [2] Metric ton of flaxseed equals 39.4 bu.
Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SUEZ SHIPMENTS OF SOYBEANS

Month and quarter	Year beginning October 1				
	1961	1962	1963	1964	1965
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*
April	231	566	100	518	533
May	6	—	10	786	240
June	2	7	596	72	254
October-December	919	12	19	1,604	110
January-March	4,082	1,328	1,484	2,826	1,963
April-June	239	573	706	1,376	1,026
July-September	327	1,584	4,106	1,562	—
October-September	5,567	3,498	6,315	7,368	—

Totals computed from unrounded numbers.
Suez Canal Authority, Cairo, Egypt.

Australian Cigarette Output Down

Cigarette output in Australia during the first half of 1966 totaled 9,856 million pieces, 4.7 percent below the 10,340 million produced in January-June 1965.

Output during fiscal 1966 totaled 21,333 million pieces, compared with 21,768 million in fiscal year 1965 and 20,002 million in fiscal 1964.

Sierra Leone Ginger Exports Up

Sierra Leone's ginger exports during 1965 amounted to 1.8 million pounds, up 16 percent over the previous year and 37 percent over 1963. The United States was the largest customer, taking 482,000 pounds. This figure compares with U.S. purchases of only 168,000 pounds in 1964. Other large recipients were Aden, the United Kingdom, and the Netherlands.

U.S. Cotton Exports Decline in 1965-66

U.S. exports of all types of cotton during the 1965-66 season (August-July) totaled 2,942,000 running bales, 28 percent below the 4,060,000 bales shipped in 1964-65 and the lowest exports since 1958-59. Japan, South Korea, Canada, Yugoslavia, the United Kingdom, Taiwan, France, West Germany, Italy, Hong Kong, and India took 75 percent of total exports in 1965-66.

Exports in July were 142,000 running bales, compared with 176,000 in June and 266,000 bales in July of 1965. One factor contributing to the low export figure for the 1965-66 season was that foreign importing countries tended to liquidate their existing stocks while awaiting lower priced U.S. cotton made available after July 31 this season.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Country of destination	Average 1950-54	Average 1955-59	1962	1963	1964	1965
	Year beginning August 1					
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	37	33	13	23	11	3
Belgium & Luxembourg	117	160	72	176	80	43
Bulgaria	0	0	0	19	0	0
Denmark	27	17	13	16	6	7
Finland	12	22	13	10	11	8
France	416	360	180	380	184	108
Germany, West	368	475	101	401	217	92
Hungary	0	0	0	18	0	0
Italy	364	416	192	442	260	102
Netherlands	122	124	71	127	65	38
Norway	14	10	10	14	13	10
Poland & Danzig	(1)	85	62	132	66	42
Portugal	7	28	7	35	22	6
Spain	135	171	(1)	14	28	10
Sweden	50	75	56	88	58	59
Switzerland	40	64	37	95	66	35
United Kingdom	417	525	139	286	153	131
Yugoslavia	83	108	113	78	109	169
Other Europe	9	17	3	20	11	12
Total Europe	2,218	2,690	1,082	2,374	1,360	875
Australia	30	54	41	91	60	33
Canada	297	217	271	448	390	269
Chile	23	35	24	2	1	3
Colombia	30	33	1	14	1	57
Cuba	18	27	0	0	0	0
Ethiopia	6	4	15	9	4	20
Hong Kong	8	134	79	187	150	94
India	246	184	198	314	243	63
Indonesia	18	30	51	21	47	(1)
Iraq	0	0	0	20	0	0
Israel	12	16	7	26	23	5
Japan	837	1,154	895	1,301	990	705
Korea, Rep. of	76	205	236	313	261	301
Morocco	8	10	8	15	12	12
Pakistan	0	14	8	8	9	6
Philippines	9	64	108	140	75	93
South Africa	6	26	19	37	43	27
Taiwan (Formosa)	84	153	223	189	203	178
Thailand	1	4	22	39	55	55
Uruguay	2	15	0	(1)	0	(1)
Venezuela	3	2	5	12	6	5
Vietnam [2]	14	2	36	75	63	73
Other countries	31	27	22	27	64	68
Total	3,977	5,100	3,351	5,662	4,060	2,942

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

South Africa's 1966 Dried Fruit Revisions

An upward trend in South African raisin production will become more evident as vineyards in the Orange River area (near Uppington) come into bearing. Production in the Orange River area is expected to increase from 8,500 tons (1965-66) to 10,000 (1967-68) and 14,000 (1969-70). South African prune production fluctuates on a 2-year cycle; 1965-66 was a low year, so a larger crop is expected beginning December 1966.

Revised estimates for the 1966 fruit packs appear below.

SOUTH AFRICAN EXPORTS OF SELECTED DRIED FRUITS [1]

Item	1965	1966 [2]
	Short tons	*Short tons*
Apricots	1,000	900
Peaches	700	500
Pears	100	300
Raisins	3,500	5,800
Mixed fruits	1,000	1,000
Total	6,300	8,500

[1] Years ending November 30. [2] Preliminary estimate.

AVERAGE PRICES RECEIVED BY SOUTH AFRICAN GROWERS

Kind of dried fruit	1964	1965	1966 [1]
	U.S. cents per pound	*U.S. cents per pound*	*U.S. cents per pound*
Prunes	14.5	11.8	14.4
Currants	15.6	16.4	16.0
Sultanas	11.2	11.2	10.6
Thompson seedless	11.2	11.1	10.4
Bleached Sultanas	13.6	12.8	12.2
Other raisins	11.2	10.4	10.4

[1] Preliminary estimates.

SOUTH AFRICA'S RAISIN SUPPLY AND DISTRIBUTION

Item	1964-65	1965-66 [1]
Supply:	*Short tons*	*Short tons*
Beginning stocks (Dec. 1)	(2)	(2)
Production	9,700	10,800
Total supply	9,700	10,800
Distribution:		
Exports	3,500	5,800
Domestic disappearance	5,900	5,300
Change in stocks (Nov. 30)	[3] +300	[3] —300
Total distribution	9,700	10,800

[1] Estimated. [2] Not available. [3] Actual stocks not available. Represents difference between production and distribution.

SOUTH AFRICA'S DRIED FRUIT PRODUCTION

Item	1965	1966 [1]
	Short tons	*Short tons*
Apples	100	100
Apricots	1,400	1,100
Currants	900	800
Peaches	2,200	1,200
Pears	600	800
Prunes	2,700	1,400
Raisins	9,700	10,800
Other	200	200
Total	17,800	16,400

[1] Revised.

WORLD CROPS AND MARKETS INDEX

Correction: *Foreign Agriculture*, August 29, 1966, page 6, column 1, paragraph 6, line 6, read 18,000 for 12,000; line 7, read 7,500 for 75,000.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

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Highlights of the Agriculture and Trade of Argentina

Resources:—Argentina has an area of 1.08 million square miles, about one-third that of the continental United States, excluding Alaska. Population, growing at an annual rate of 1.7 percent, reached 21.7 million in mid-1965. Gross Domestic Product (GDP) was $12.35 billion (1960 prices) in 1965, or $569 per capita.

Agriculture:—According to the USDA index of production, agricultural output in 1965 was only 2 percent above the 1957-59 average. Agriculture accounted for 16.8 percent of GDP but 91.2 percent of all exports in 1964, and 21 percent of the labor force in 1960. About 63 percent of the total land area is in farms. This 432 million acres is devoted to: Cultivated crops, 7.7 percent; forage crops, 8 percent; natural pasture, 63 percent; and other, 21.3 percent.

Argentina is the world's leading supplier of beef, linseed oil, oilseed cakes and meals, and milling byproducts, and a strong competitor in meat products, wool, hides and skins, bread and feedgrains, edible oils, animal fats, dairy products, and deciduous fruits. Wheat, corn, and grapes sometimes account for as much as 60 percent of commercial crops, while livestock production usually claims about 40 percent of net agricultural production.

Food situation:—Average daily caloric intake for 1959-61 was estimated at 3,220 calories per capita. The average diet is well balanced, with protein intake totaling about 3.6 grams per day—half of it is animal protein.

Foreign Trade:—Argentine total trade has averaged $2.5 billion annually during 1961-65. Exports have averaged $1.3 billion during the same period, with agricultural products constituting 92 percent of the total. Agricultural imports average about $70 million annually, representing only about 6 percent of all imports, and are primarily tropical products. The most important exports are wheat and flour, beef, wool, and corn; also of importance are hides and skins, vegetable oils, other grains, canned meat, oilseed cakes and meals, and fruits. Europe (excluding the USSR) represents Argentina's principal export market, taking 60 percent of total exports in 1965, with the Common Market alone taking 40 percent of those exports. Italy, the Netherlands, and the United Kingdom were Argentina's principal customers. The United States took only 6 percent of total Argentine exports in 1965, although it supplied 23 percent of all Argentine imports, primarily on the basis of nonagricultural sales.

Agricultural Trade with the United States:—In 1964, agricultural exports from Argentina to the United States were valued at $91 million or 6 percent of total Argentine agricultural exports. Principal exports to the U.S. are canned beef, carpet wool, tung oil, casein, and sugar. In 1964, Argentine agricultural imports from the U.S. totaled only $2 million, or 3 percent of all Argentine agricultural imports.

Factors Affecting U.S. Agricultural Trade:—Export quotas are used to assure sufficient domestic supplies, the principal commodities affected being meat and sugar. Export taxes and surcharges vary greatly from product to product; among the most important are those applying to wheat, corn and wool. Sugar is one of the few commodities covered by subsidies. Imports from the U.S. are limited by the fact that both countries are major producers of a wide variety of similar temperate and subtropical products. Import prohibitions apply to a list of about 100 agricultural items in which Argentina is judged to be self-sufficient. Imports are also restricted by substantial tariffs, surcharges, and prior import deposits. Agricultural inputs, including breeding stock, seeds, fertilizers, and pesticides are mostly exempt from these controls. Argentina is a member of the Latin American Free Trade Association (LAFTA) and has benefited from reductions in duties on its agricultural commodities, negotiated with other member nations. As a member, its exports to those countries are often exempt from exchange and other restrictions applied to nonmember imports.

—Richard M. Kennedy
Foreign Regional Analysis Division, ERS